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SUBJECT: BFIF-FUNDED FORUM FOCUSES ON GOOD GOVERNANCE

Summary

¶1. (U) On April 2, the Institute of Directors of Zimbabwe (IODZ), supported by the State Department's Business Facilitation Incentive Fund (BFIF) and by local businesses, held its annual Director of the Year Award Ceremony highlighting good governance. BFIF also supported a related workshop on the private sector's role in speaking out for good governance in the public sector. The latter event generated a frank discussion on why business leaders have been so timid in demanding both economic and political reforms from government. Subsequent to the two events, the IODZ announced the establishment of a corporate governance resource center as a focal area of its activity. In addition, a private initiative was undertaken to develop a Code of Corporate Governance for Zimbabwe. A small sum of BFIF support succeeded in nudging the private sector forward to participate more actively in strengthening Zimbabwe's civil society. End Summary.

Encouraging and Rewarding Good Governance

¶2. (U) On April 2, the Institute of Directors of Zimbabwe (IODZ), supported by the State Department's Business Facilitation Incentive Fund (BFIF) and by local businesses, held its annual Director of the Year Award Ceremony. The event recognizes outstanding Directors in large and listed enterprises, in small and medium enterprises, and in parastatals, non-governmental organizations and public sector enterprises. The Institute of Directors worldwide seeks to take the lead in promoting good corporate governance. In Zimbabwe the Director of the Year Awards program is the Institute's premier vehicle for the promotion of corporate governance. In selecting the winners, particular emphasis is placed on contributions made by nominated companies and institutions to sound corporate governance procedures in their respective categories.

¶3. (U) The guest of honor at the Awards Ceremony, attended by about 250 leading Zimbabwean businessmen and women and by Ambassador McGee, was Ali Mufuruki. A prominent Tanzanian businessman, Mufuruki was instrumental in establishing the Africa Leadership Initiative in East Africa. He addressed the audience on the subject of leadership in Africa and related the history of the Initiative.

¶4. (U) To take maximum advantage of Mufuruki's visit to Zimbabwe, the Institute of Directors, again with BFIF support, hosted a round table breakfast on the morning of the awards ceremony on the subject of leadership and governance in Zimbabwe. Members of the IODZ Council and prominent businessmen and women, including present and past presidents of Zimbabwe's dominant business association, the Confederation of Zimbabwe Industries, engaged in a lively discussion on business leaders' role in moving from success in their respective fields to playing a significant role in strengthening civil society.

15. (U) Mufuruki challenged the captains of industry to publicly demand good governance in the public sector. Putting attendees on the spot, he asked why business leaders had not been at the forefront in insisting on reform as Zimbabwe's economy melted down and political instability increased in 2008. Participants, rather uncomfortably, admitted their fear of reprisal, both economic and political: they mentioned loss of access to deeper concessionary loans from the Reserve Bank, loss of contracts with government, prosecution on trumped up charges or for contravening onerous exchange control laws or price control regulations, and the prospect of imprisonment or forced exile.

Private-Sector-Led Follow Up

16. (U) Following wide and favorable press coverage of the Director of the Year Awards program two related developments have occurred:

- The Institute of Directors Zimbabwe has listed the following among its Focal Areas for 2009: 1) establishment of an Institute of Director Zimbabwe corporate governance resource center; and 2) establishing the Institute as a point of reference on all matters of corporate governance in both the private and public sectors.

- In addition, a private initiative is underway to develop a Code of Corporate Governance for Zimbabwe similar to that established in South Africa by the King Commission. The IODZ is seeking government support for this private initiative through the Ministry of Finance. It is also seeking assistance from the World Bank's Multi-Donor Trust Fund to finance the initiative.

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17. (U) Comment. Using a modest amount of USG funding to help put the spotlight on governance in Zimbabwe - whether in the private sector or in the intersection of private and public sectors, as the workshop did - is certainly money well spent. The fact that IODZ and a separate private sector initiative have subsequently taken steps to strengthen institutions that support governance is a step forward in bolstering this oft neglected yet potentially powerful segment of civil society in Zimbabwe. End Comment.

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